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Proposed programme budget for the biennium 2018–2019

Seismic mitigation retrofit and life-cycle replacements project at the Economic and Social Commission for Asia and the Pacific premises in Bangkok

Seventh report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 2018–2019

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the seismic mitigation retrofit and life-cycle replacements project at the Economic and Social Commission for Asia and the Pacific premises in Bangkok (ESCAP) (A/72/338 and A/72/338/Corr.1). During its consideration of the report, the Committee met with representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses dated 25 October 2017.

2. The report of the Secretary-General is submitted pursuant to General Assembly resolution 71/272 A, by which the Secretary-General was requested to submit to the Assembly, at the main part of its seventy-second session, a progress report on the implementation of the project, outlining, inter alia, project expenditure and total costs.

II. Progress on the implementation of the project

Cooperation with Member States and the host country

3. The report indicates that ESCAP has briefed and solicited voluntary contributions from Member States on a regular basis and has also sought contributions of expertise in the form of Junior Professional Officers or staff provided on non-reimbursable loans (A/72/338 and A/72/338/Corr.1, paras. 5–6). Upon enquiry, the Advisory Committee was informed that job openings for Junior Professional Officers were developed in the areas of legal affairs, logistics operations, programme management and planning, public information, procurement

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and civil engineering and that the ESCAP project team had alerted all Member States to such job openings through notes verbales. **The Committee encourages the Secretary-General to continue his engagement with all Member States to seek voluntary contributions for the ESCAP project.**

4. With respect to the host country, the report states that ESCAP has continued to request support from the Ministry of Foreign Affairs of the host country with regard to provisional office space to be used as swing space to temporarily accommodate United Nations staff during the project implementation, as well as the possibility of in-kind contributions. During the reporting period, the host country advised ESCAP that the previously proposed swing space, Building "BC" in the Government Complex, was no longer available, and suggested an alternative solution, which is presently under discussion (A/72/338 and A/72/338/Corr.1, paras. 7–8).

5. Upon enquiry, the Advisory Committee was informed that the alternative option was 3,200 m^2 of space in a building in a government complex located approximately 30 km north of ESCAP, which could accommodate an average of 410 workstations. The Committee was further informed that a decision on the swing space option would be made pending a study of on-site and off-site swing space requirements and the finalization of the design and construction methodology by the lead consultant firm. **The Committee welcomes the offer of swing space by the host country and expects that the Secretary-General will continue his discussions with the host Government on off-site swing space options for the ESCAP project. The Committee trusts that the study of swing space requirements will include a cost-benefit analysis, taking into account the different costs related to off-site compared with on-site swing space, as well as the operational feasibility of the various options.**

Project governance

6. The report indicates that the overall project governance structure remains unchanged: the Executive Secretary of ESCAP is the project owner, while the Director of Administration at ESCAP manages oversight and governance of the project, liaison and interaction with stakeholders and strategic issues requiring senior-level decision-making. The day-to-day project execution is under the leadership of the dedicated Project Manager. The report also states that the stakeholders committee, which provides advice and guidance on the project to the project owner, was established in January 2017, with the project owner serving as the Chair. Working groups have been established within the stakeholders committee covering the themes of sustainability, accessibility, occupational health and safety and tenant agency operations. It is also stated that the Overseas Property Management Unit of the Office of Central Support Services at Headquarters engages with the ESCAP project management team to share best practices and lessons learned and to identify potential project risks at an early stage. In June 2017 an administration and coordination agreement was concluded between the Office of Central Support Services and ESCAP, which defines the reporting structure, roles and responsibilities and administrative arrangements to ensure that internal project control and quality assurance mechanisms are in place (A/72/338 and A/72/338/Corr.1, paras. 12–18).

Accessibility

7. Paragraph 20 of the report states that ESCAP, in consultation with the Office of Central Support Services, the Special Rapporteur of the Human Rights Council on the rights of persons with disabilities and the Committee on the Rights of Persons with Disabilities, conducted a compound-wide accessibility assessment at ESCAP premises between 19 June and 7 July 2017. Upon enquiry, the Advisory Committee was informed that the assessment would result in a road map for

necessary modifications, prioritizing them in accordance with impact, cost and ease of implementation. The Committee was also informed that a survey was distributed in August 2017 to all staff to solicit feedback on the accessibility of the premises, similar to the survey launched at Headquarters in New York. **The Committee trusts that the next progress report of the Secretary-General will include more information on the results of the accessibility assessment and road map, as well as the survey.**

Flexible workplace strategies

8. The report states that ESCAP is redesigning the office layouts for the fourteenth floor of the secretariat building to incorporate more open and informal office spaces, which will serve as a pilot for implementing flexible workplace strategies. ESCAP is also preparing to conduct a space utilization study to provide key data on the frequency and type of use of existing spaces, which will be used to inform the long-term flexible workplace solution (A/72/338 and A/72/338/Corr.1, paras. 25–26).

9. The Advisory Committee was informed upon enquiry that a further increase in space efficiency gains was expected with the implementation of flexible workplace strategies, such as in New York and Geneva, where the target desk-to-staff ratio was 1:1.25, which amounted to a 25 per cent increase in space utilization. The Committee was further informed that exact targets were not yet available for ESCAP, given the current stage of the design and change management initiative at ESCAP, and that a plan for space optimization would be developed and reported to the General Assembly in future progress reports once the lead consultant firm was on board. **The Committee is of the view that, by this stage, ESCAP should have already established targets and efficiencies to be expected from the implementation of flexible workplace strategies, and expects to see information in this regard in the next progress report. The Committee also considers that the Secretary-General should provide a clear timeline for the implementation of flexible workplace strategies at ESCAP, and expects that flexible workplace strategies will be factored into the construction phase in a timely manner.**

Energy efficiency

10. Paragraph 27 of the report indicates that Leadership in Energy and Environmental Design certification is the prevailing local practice, and ESCAP is currently evaluating whether that is an appropriate green building rating system to be applied to the seismic project. Upon enquiry, the Advisory Committee was informed that ESCAP was in the process of clarifying the various types and levels of certification available, and the cost implications of each, before a decision was made on the system to be used for the project. **The Committee trusts that an update on the certification for the project will be provided in the next progress report.**

Project team

11. The report indicates that the five approved temporary positions based in Bangkok (1 P-5 Project Manager, 1 P-4 Project Engineer, 1 P-3 Procurement Officer, 1 P-3 Civil and Structural Engineer and 1 Local level Project Administrative Assistant) have been recruited (A/72/338 and A/72/338/Corr.1, para. 30). The Advisory Committee was informed upon enquiry that the Project Coordinator (P-4), cost-shared with the Africa Hall project of the Economic Commission for Africa and located in the Office of Central Support Services at Headquarters (A/72/338 and A/72/338/Corr.1, para. 31), had been recruited and was on board.

12. The Secretary-General proposes that the following minor adjustments be made to the project team: (a) to change the position of Logistics and Coordination Officer (National Officer) to Architect and Space Planner (P-3) with the same duration of four years and six months, but starting in January 2018 instead of January 2019 and ending in June 2022 instead of June 2023; (b) the work of the Building Mechanical-Electrical Plumbing Engineer (National Officer) would start in January 2018 instead of January 2019 and end in June 2022 instead of June 2023; and (c) the duration of the Safety Project Officer (Local level) position would be reduced by six months, as this position is not needed during the defect liability period of the first half of 2023. The report indicates that the proposed changes would be cost-neutral overall (A/72/338 and A/72/338/Corr.1, paras. 33 and 35).

13. The report states that the proposed change of the Logistics and Coordination Officer (National Officer) position to the Architect and Space Planner (P-3) position relates to the level of responsibility and the technical skills required for managing the flexible workplace change management strategy, as well as the required expertise on construction supervision and coordination of moves to and from swing space (A/72/338 and A/72/338/Corr.1, para. 34). Upon enquiry, the Advisory Committee was informed that the P-3 incumbent would be the internal focal point to liaise with internal and external tenants and would possess the skills and expertise related to space planning and programming and a good understanding of United Nations policies and procedures. The Committee was further informed that best practices indicated that client interface should be led by an internal (staff) focal point. **The Committee is of the view that the liaison functions of the proposed P-3 Architect and Space Planner could be performed by staff members of the project team, while the lead consultant firm would have technical expertise on space planning and programming. The Committee is also of the view that the project team could utilize the expertise of staff of the Office of Central Support Services on flexible workplace change management strategies. The Committee is therefore not convinced that the P-3 position is required and recommends against approval of the position. The Committee recommends approval of the other proposed changes to the project team (para. 12 (b) and (c) above).**

Risk management

14. With regard to risk management, the report indicates that the Office of Central Support Services is in the process of procuring the services of an independent risk management firm, which will report directly to the Office and provide advice on the establishment of a project-specific risk management framework, as well as qualitative and quantitative risk analysis, including regular updates of the project risk register. The report states that special emphasis is being placed on managing the risk associated with currency exchange rates. Major project expenses are expected to be incurred in United States dollars, while the design contract will likely be denominated in euros, and the Thai baht will likely be used for smaller contracts (A/72/338 and A/72/338/Corr.1, paras. 39 and 43).

15. Upon enquiry, the Advisory Committee was informed that, in accordance with the Financial Regulations and Rules of the United Nations, vendors participating in international tenders bid in any currency and that therefore the currency of potential contracts would be determined at a later stage after the results of those bids. The lead consultant firm contract was expected to be issued in euros, following the tender for the firm, in line with the Financial Regulations and Rules. The Committee was also informed that the firm would utilize local expertise and know-how in the form of subconsultants in the areas of mechanical, electrical and structural engineering.

Project schedule

16. Figure 2 of the report shows the proposed project schedule as at 1 July 2017. For the post-July 2017 revised schedule, the tendering phase has been revised to start three months later than originally projected, while the construction phase has been shortened, resulting in the same overall duration. Upon enquiry as to the discrepancy between figures 1 and 2 on the timeline for the recruitment of the project team, the Advisory Committee was informed that figure 2 was incorrect, as some members of the project team would not be required until 2019 so that recruitment would be completed only in the first quarter of 2019. The Committee was also informed that a corrigendum had been issued in this regard.

17. Regarding the proposed revisions to the project schedule, the Advisory Committee was informed upon enquiry that the tendering and construction schedule had been revised to align with the extended tendering and reduced construction schedules proposed by the successful bidder for the lead consultant firm, and that the final methodology would be reviewed once the lead consultant firm was on board. The Committee was further informed that final contract negotiations with both of the recommended bidders for the lead consultant firm and the independent risk management firm were at an advanced stage, with the contract for the lead consultant firm expected to be signed in the last quarter of 2017. **The Committee emphasizes the importance of adhering to the project schedule in order to ensure that the project is completed on schedule and within the approved cost plan. The Committee considers that the next progress report should include information on the methodology used in determining the project schedule, including detailed explanations for any revisions to the schedule.**

III. Project expenditures and anticipated costs

18. Table 2 of the report indicates that, as at 1 July 2017, actual expenditures and projected expenditures in 2017 would amount to $276,287 and $749,020, respectively. Regarding the main variances, the report states that resources for the third-party peer review consultancy ($75,000) and optimized office space design ($150,000) would not be required, as the work has been included in the scope of the lead consultant firm, while expenditure of $41,000 was incurred to hire two consultants to conduct an accessibility assessment and $82,500 would be required for the project quality assurance system (A/72/338 and A/72/338/Corr.1, para. 72).

19. Upon enquiry, the Advisory Committee was informed that it had been discovered, when reviewing the bid proposals, that the scope for the third-party peer review and optimized office space design consultancies were covered by the lead consultant firm and that therefore the unused balance from the budgeted amounts for these two items were utilized for the quality assurance system and the accessibility assessment instead. **The Committee notes with concern that the budget erroneously included amounts for third-party peer review and optimized office space design, when it should have been known that the contract for the lead consultant firm would cover these services. The Committee further notes that the unused balance from these two items were subsequently used for the quality assurance system and the accessibility assessment, instead of being reflected as savings. In the light of these observations, the Committee recommends a reduction in the amount of $82,500 from the overall project cost plan. The Committee expects that all efforts will be made to ensure accurate budget planning and management in future.**

20. According to table 4 of the report, the resource requirements for 2018 would amount to $4,116,857, comprising $2,139,000 for trade costs, $731,304 for

consultancy fees, $238,820 for escalation, $333,122 for contingencies and $674,611 for project management. Upon enquiry, the Advisory Committee was provided with the table below showing the breakdown of the individual cost components.

Resource requirements for 2018 by cost component

(Thousands of United States dollars)

Section 19, Economic and social development in Asia and the Pacific	
Project management team	674.6
Subtotal, section 19	**674.6**
Section 33, Construction, alteration, improvement and major maintenance	
Trade costs: swing space	
Off-site:	
Rent	350.0
Furniture	450.0
Services	199.0
On-site:	
Construction	800.0
Furniture	150.0
Standardized access control off-site	190.0
Subtotal	**2 139.0**
Consultancy fees	
Risk management firm	50.1
Lead consultant firm	656.2
Project quality assurance	25.0
Subtotal	**731.3**
Escalation	238.8
Contingencies	333.1
Subtotal, section 33	**3 442.3**
Total	**4 116.9**

Contingencies

21. With respect to contingencies, the report states that the contingency provision has been developed on the basis of a traditional percentage method, taking into consideration past experience with similar projects and other variables that may have an impact on the accuracy of the project cost estimates, especially during the early stages of project planning, including the project size, the complexity and the location. The report also states that, for planning purposes, and until the independent risk management firm is on board, a contingency provision of 10 per cent of the estimated construction cost of the project, inclusive of consultancy fees, has been included (A/72/338 and A/72/338/Corr.1, para. 76). Upon enquiry, the Advisory Committee was informed that the recommended level of contingency would change from the initial 10 per cent basis once the first Monte Carlo model was performed later in 2017 and that thereafter the recommended levels would be updated on at least an annual basis as the risk register evolved. The Committee was further informed that the Monte Carlo model was a statistical analysis method used to better

understand the impact of risks in a project, by using a range of minimum to maximum values with regard to time frames and cost estimates for stages and components, through a computer-based simulation that ran multiple random project scenarios.

22. **The Advisory Committee reiterates that, in order to ensure transparency in reporting, the contingency estimates should be presented separately from the base project cost. The Advisory Committee also reiterates that the risk analysis applied to a predetermined contingency amount based on fixed percentages does not represent an actual risk-based estimation of the project contingency level. The Committee therefore recommends that the General Assembly request the Secretary-General to refine the estimation of project contingencies by basing it on the identification of risks associated with the different phases of the project, and to separate the estimated contingencies from the base project cost in the presentation of his next progress report.**

23. **The Advisory Committee further reiterates that contingency estimates for each phase of project implementation should be clearly indicated so that the contingency estimates and their use, if necessary, remain transparent throughout the life of the project. The Committee is also of the view that a systematic approach to managing and reporting on the use of project contingency funds should be applied so that the unused project contingency amount from one phase of the project is not carried over to the next phase. The Committee therefore recommends that unused contingency amounts be determined and returned to Member States at the completion of each phase of the project (see A/71/570, paras. 16–18). The Committee expects that the next progress report will include a detailed comparison of the fixed percentage methodology and the risk-based methodology.**

IV. Conclusion

24. The Secretary-General's proposed actions to be taken by the General Assembly are set out in paragraph 79 of the report. **Subject to its recommendations and observations above, the Advisory Committee recommends that the General Assembly:**

(a) **Take note of the progress made since the issuance of the previous report of the Secretary-General;**

(b) **Take note of the revised project cost plan (see para. 19 above);**

(c) **Approve the establishment of one temporary position (National Officer), effective 1 January 2018, in the dedicated project management team, under section 19, Economic and social development in Asia and the Pacific, of the proposed programme budget for the biennium 2018–2019;**

(d) **Appropriate an amount of $4,057,200 for the project for 2018, comprising $615,000 under section 19, Economic and social development in Asia and the Pacific, and $3,442,200 under section 33, Construction, alteration, improvement and major maintenance, of the proposed programme budget for the biennium 2018–2019, which would represent a charge against the contingency fund.**

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Request for a subvention to the Extraordinary Chambers in the Courts of Cambodia

Eighth report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 2018–2019

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General (A/72/341), in which he provides details on the progress achieved by the Extraordinary Chambers in the Courts of Cambodia, a projection regarding the anticipated use of the approved commitment authority for 2017 and information on the estimated budget of the Extraordinary Chambers for 2018 and 2019. The Secretary-General seeks the Assembly's approval of an appropriation for a subvention for the international component of the Extraordinary Chambers in the amount of $10.4 million for 2018. During its consideration of the report, the Committee met with representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses received on 17 October 2017.

II. Background

2. In its resolution 57/228 A on the Khmer Rouge trials, the General Assembly welcomed the efforts of the Secretary-General and the Government of Cambodia towards the establishment of Extraordinary Chambers within the existing courts structure of Cambodia, with international assistance, for the prosecution of crimes committed during the period of Democratic Kampuchea. Subsequently, the Assembly approved, in its resolution 57/228 B, an agreement that regulated the cooperation between the United Nations and the Government of Cambodia in bringing to trial senior leaders of Democratic Kampuchea and those who were most responsible for the crimes and serious violations of Cambodian penal law, international humanitarian law and custom, and international conventions recognized by Cambodia, that were committed during the period from 17 April 1975

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to 6 January 1979. In paragraph 3 of the resolution, the Assembly also decided that the expenses of the Extraordinary Chambers would be defrayed by the United Nations in accordance with the relevant provisions of the Agreement and would be borne by voluntary contributions from the international community.

3. In 2005, the Secretary-General reported to the General Assembly that sufficient contributions and pledges had been received to fund the international staff of the Extraordinary Chambers and their operations for a sustained period of time (A/60/565, para. 3). The above-mentioned Agreement between the United Nations and the Government of Cambodia thus entered into force on 29 April 2005. Since then, the Secretary-General has issued seven reports on the Khmer Rouge trials, in which he has provided updates on the progress achieved towards establishing and operating the Extraordinary Chambers (A/62/304, A/67/380, A/68/532, A/69/536, A/70/403, A/71/338 and A/72/341).

4. The Extraordinary Chambers comprise both national and international components that are separately financed. The Government of Cambodia is responsible for the salaries of the Cambodian judges and local personnel, while the United Nations is responsible for those of the international judges and international personnel, pursuant to articles 15 and 16 of the above-mentioned Agreement.

5. In his report of 2012 on the Khmer Rouge trials, the Secretary-General first alerted Member States to the adverse cash position and the steadily worsening financial position of the Extraordinary Chambers. At that time, he indicated that the international component faced an acute funding shortfall that could jeopardize the future operations of the Chambers (A/67/380, para. 66). In 2013, the Secretary-General informed the General Assembly that the national component was experiencing a serious shortfall in pledges for that year, creating a funding crisis of greater severity than that of the international component (A/68/532, para. 31).

6. Subsequently, following its consideration of the report of the Secretary-General and the conclusions and recommendations of the Advisory Committee thereon (see A/68/7/Add.12), the General Assembly, in its resolution 68/247 B, authorized the Secretary-General, as an exceptional measure, to enter into commitments in an amount not to exceed $15.54 million to supplement the voluntary financial resources of the international component for the period from 1 January to 31 December 2014. Those funds, however, were never drawn upon, as voluntary funding eventually covered the international component's obligations during 2014 in full.

7. In his subsequent report on the Khmer Rouge trials (A/69/536), the Secretary-General highlighted the continuing financial challenges facing both the international and national components of the Extraordinary Chambers and requested the approval of a subvention of up to $28,983,200 (comprising $23,954,400 for the international component and $5,028,800 for the national component) for the period from 1 January to 31 December 2015. By its resolution 69/274 A, the General Assembly endorsed the recommendations contained in the report of the Advisory Committee (A/69/652) and authorized the Secretary-General, as an exceptional measure, to enter into commitments in an amount not to exceed $12.1 million to supplement the voluntary financial resources of the international component of the Extraordinary Chambers for the period from 1 January to 31 December 2015.

8. In his report of 2015 (A/70/403), the Secretary-General requested the General Assembly to appropriate a subvention of $25,151,300 for the period from 1 January to 31 December 2016. In its resolution 70/248 A, the General Assembly endorsed the recommendations contained in the report of the Advisory Committee (A/70/7/Add.20) and authorized the Secretary-General, again as an exceptional measure, to enter into commitments in an amount not to exceed $12.1 million for the period from 1 January to 31 December 2016.

9. In his 2016 report (A/71/338), the Secretary-General requested the approval of a subvention of up to $16.2 million for the year 2017. By its resolution 71/272, the General Assembly endorsed the recommendation contained in the report of the Advisory Committee (A/71/550) and authorized the Secretary-General, as an exceptional measure, to enter into commitments in an amount not to exceed $11 million to supplement the voluntary financial resources of the international component of the Extraordinary Chambers for the period from 1 January to 31 December 2017.

III. Case progress and management

Completion plan

10. Periodic reports of the Secretary-General have contained details concerning the progress of cases before the Extraordinary Chambers.[1] Information on the progress made in the case files during the most recent reporting period is provided in sections I and II of the most recent report of the Secretary-General (A/72/341). The report indicates that case 002 against Nuon Chea and Khieu Samphan, has been severed into two cases: case 002/1 (crimes against humanity) and case 002/2 (genocide and other crimes). In case 002/1, the Trial Chamber pronounced its judgment on 7 August 2014. The accused were sentenced to life imprisonment; both have appealed the convictions. In November 2016, the Supreme Court Chamber delivered the judgment on appeals, confirming the charges and upholding the sentence of life imprisonment. In case 002/2, the trial commenced with opening statements on 17 October 2014, and evidentiary hearings commenced on 8 January 2015. The trial judgment is anticipated in the second quarter of 2018 (A/72/341, paras. 3 and 9–12). With regard to case 003, the conclusion of the judicial investigation against Meas Muth was notified to the parties by the international co-investigating judge in January 2017. The report also indicates that case 004 has been severed into three cases, one for each of the charged persons: Im Chaem, Ao An and Yim Tith. In February 2017, the co-investigating judges issued a joint dispositive closing order dismissing the case against Im Chaem. Subsequently, a notice of appeal against the dismissal was filed. The judicial investigations for the other two cases were concluded in December 2016 and June 2017, respectively (ibid., paras. 4 and 13-19).

11. Pursuant to the request of the General Assembly in its resolution 68/247 B for a case completion strategy along with a clear road map, the Extraordinary Chambers submitted a completion plan that details the remaining work to be completed in the proceedings of which they are currently seized. The Secretary-General indicates that, on the basis of current projections, the earliest anticipated completion of judicial proceedings in case 002 will be in the second quarter of 2018, with the delivery of a trial judgment in case 002/02, absent any appeal. The timing of the final conclusion of judicial proceedings in case 002/02 will depend on the filing of any appeal. The current projections estimate that notices of appeal and appeals against the trial judgment, if any, will be filed in the third quarter of 2018, with the judgment on these potential appeals delivered in the first quarter of 2020, bringing case 002 to a close.

12. **The Advisory Committee stresses the need to take all necessary measures to expedite case completion, including for more effective planning to meet the completion milestones, while fully respecting the judicial process (see also A/71/550, para. 10). The Committee notes the progress made in the current**

[1] See A/58/617, A/59/432 and Add.1, A/60/565, A/62/304, A/67/380, A/68/532, A/70/403 and A/71/338.

judicial proceedings and stresses again the importance of the regular updates to the comprehensive completion plan. Once again, the Committee notes that the revised plan now foresees judicial activity for several years beyond the current financial period and notes with concern the potential financial implications of the timeline.

Court management

13. In addition, the report of the Secretary-General states that in May 2017 the co-investigating judges indicated their intention to request a permanent stay on judicial proceedings in cases 003, 004 and 004/02 owing to their deep concerns about the Court's funding situation. They subsequently decided to defer the decision on a stay. Upon enquiry, the Advisory Committee was informed that, pursuant to rule 73 of the internal rules of Extraordinary Chambers, the decision of the co-investigating judges to permanently stay the proceedings may be subject to appeal to the Pre-Trial Chamber. **The Committee notes that, pursuant to paragraphs 9 and 10 of the terms and conditions of service for the judges of the Extraordinary Chambers, provided to it upon request, international judges are subject to the authority of the Secretary-General in respect of all matters of a non-judicial nature arising in connection with or related to their service.**

14. With respect to the level of the honorariums and emoluments received by the international judges of the Extraordinary Chambers who are subject to the Regulations Governing the status, Basic Rights and Duties of Officials other than Secretariat Officials and Experts on Mission, the Advisory Committee was informed, upon enquiry, that, as indicated in paragraph 20 of their terms and conditions of service, the amount of the net remuneration paid to the judges was equal to the gross (rather than net) salary of a staff member at the D-2 level, including a post adjustment component applicable to Cambodia.

15. Upon enquiry, the Committee was informed by the Executive Secretary of the International Civil Service Commission that the common system operated in reverse fashion to the outside taxpaying world. Outside of the common system, salaries were set in gross terms and taxes were deducted from gross salaries. In the common system, net pay was the starting point and staff assessment was added to net salaries. Moreover, although it was recorded in payment slips as part of gross salary, staff assessment was not provided to staff as payment, but rather was a budgeting tool. It was the net salary (plus the applicable post adjustment) that was received by staff members as their take-home pay.

16. The response further indicates that United Nations salaries are set in net terms — in reference to after-tax salaries in the comparator civil service — because the officials of the Organization are exempt from national income taxation by virtue of the Convention on the Privileges and Immunities of the United Nations (sect. 18 (b)). Where staff do have to pay national taxes (e.g. when a Member State has not ratified the Convention or did so with a reservation with regard to section 18 (b)), their tax payments are reimbursed to them by the Organization. The purpose of staff assessment is to generate budgetary resources for such reimbursements through the Tax Equalization Fund. Staff assessment is not a factor in salary comparisons or margin calculations. Accordingly, while it is an important budgetary tool that ensures pay equity among staff of different nationalities, staff assessment is irrelevant to the decisions of the General Assembly relating to setting and adjusting pay. The sub-accounts of Member States in the Tax Equalization Fund are set based on their rates of budget contributions while reimbursement payments depend on the tax regime of the State concerned and the tax deductions that staff may individually take advantage of, as well as on the number of nationals of that State in the Organization. The Committee was further informed that the United

Nations secretariat had initiated, in early 2017, a review of the terms and conditions of the international judges, which was still ongoing.

17. **The Advisory Committee recommends that the General Assembly request the Secretary-General to discontinue as soon as possible the current practice of providing the international judges with a net remuneration in the amount of a gross remuneration.**

IV. Current financial position

International component

18. The Secretary-General indicates that, despite the combined efforts of the principal donors group, the Secretariat and the Special Expert, voluntary contributions for the international component continue to decline, falling from $17.6 million in 2015 to $13.1 million in 2016 and dropping to about $10.7 million in pledges and contributions for 2017 (A/72/341, para. 28).

19. The Secretary-General also indicates that the group of interested States approved a revised budget amounting to $23.76 million (for 2017) for the international component. As at 30 June 2017, voluntary contributions of $2.34 million had been received for the international component for 2017, which, together with the drawdown of an amount of $9.97 million from the commitment authority, covered the expenditures for the first six months of 2017. To meet the operational cash flow requirements of the international component in the latter six months of 2017, a further drawdown on the commitment authority and additional voluntary contributions of $8.35 million are expected (A/72/341, para. 32).

20. The Secretary-General further indicates that, taking into account this situation, cost-saving measures have been put in place to achieve cost avoidance of at least $2 million for the international component through the freezing of recruitment against vacant posts unless absolutely necessary; cost avoidance and curtailing measures in areas such as travel, operating expenses and contractual services; and the discontinuation of contracts of standby counsel, which are no longer required based on the assessment of the Trial Chamber (A/72/341, para. 33). Upon enquiry, the Advisory Committee was informed that, as at 25 September 2017, 22 posts were vacant, including 10 posts subject to a recruitment freeze. Four of the frozen posts are proposed to be abolished in 2018. Of the remaining six frozen posts, two posts in the Supreme Court Chamber are expected to be filled at the beginning of the appeal in case 002/02. The recruitment for the Legal Officer post in the Defence Support Section, as well as three posts in the Office of Administration, would be activated only when absolutely necessary. **While welcoming the cost-saving measures taken by the Extraordinary Chambers, the Advisory Committee considers that the posts that are not required for the completion of the Extraordinary Chambers mandate should be abolished.**

National component

21. The Secretary-General indicates in his report that, in the first years of operation, the national component was funded largely by voluntary contributions, covering 80 per cent of the budget, with the remainder paid by the Government of Cambodia, which also provides in-kind contributions of buildings, facilities and local services. The contribution of the Government has increased significantly over the years and, since 2015, has covered over 60 per cent of the national component's requirements. The Secretary-General also indicates that, as at 30 June 2017, voluntary contributions and pledges of $5.84 million had been received for 2017.

Nevertheless, the shortfall of $536,700 had not been secured at the time of issuance of his report.

22. **The Advisory Committee notes the commitments made by the Government of Cambodia to meeting the terms of its Agreement with the United Nations. The Committee trusts that the Secretary-General will continue to actively engage with the relevant authorities of the Government to ensure that the obligations arising from the terms of the Agreement are met.**

V. Resource requirements and request for a subvention to the Extraordinary Chambers in the Courts of Cambodia

23. For 2018, the proposed resource requirements for the international component amount to $18,932,500, representing a decrease of $4,830,500 (or 20.3 per cent) compared with the revised budget for 2017. The resource requirements would provide for the continuation of 131 posts (12 D-2, 1 D-1, 6 P-5, 12 P-4, 30 P-3, 4 P-2, 13 Field Service, 11 National Professional Officer and 42 General Service), representing a reduction of 27 posts, and for non-post resources. As required by the General Assembly in its resolution 69/274 A, a full justification is provided for the resource requirements without prejudice to the voluntary nature of the current funding arrangements.

24. In terms of financing sought in 2018, the Secretary-General is seeking the approval of the General Assembly of an appropriation for a subvention for the international component of the Extraordinary Chambers in the amount of $10,418,800, which when combined with expected contributions amounting to $8,513,700 would provide the necessary funding for the full 2018 budget in the amount of $18,932,500 (see A/72/341, paras. 28 and 38).

25. The Secretary-General indicates in his report that he will continue intensive fundraising efforts. The requested subvention would allow the Chambers to remain operational, however, pending the receipt of the additional voluntary contributions necessary for operations throughout the year. The Secretary-General proposes that the subvention be available to be drawn upon should the extrabudgetary funds on hand be insufficient to meet the international component's staff salaries and operational costs (A/72/341, para. 38).

26. The shortfall in pledges for the international component in August 2017 amounts to $10.41 million for 2016 and $13.07 million for 2017 (A/72/341, annex, table A.3.1). Information on the financial status of both the international and national components of the Extraordinary Chambers is contained in the annex to the report of the Secretary-General.

27. **In view of the persistent funding challenges faced by the Extraordinary Chambers, the Advisory Committee trusts that the intensified fundraising efforts of the Secretary-General will yield results, including by broadening the donor base for the Chambers, so that their work can be brought to a successful conclusion.**

Other staff costs

28. According to the supplementary information provided to the Advisory Committee, an amount of $890,700 would provide for the creation of 34 general temporary assistance positions (27 in the international component and 7 in the national component) to service possible trial proceedings for cases 003 and 004 in 2018. The proposed positions would include 15 legal and administrative staff in the

trial chambers, 10 interpreters, 5 transcribers and 1 Public Information Officer for durations varying from two to eight months.

29. **The Advisory Committee encourages the Extraordinary Chambers to exercise restraint and to use external contractors and consultants judiciously without prejudice to the requisite caseload requirements for translation, transcription and interpretation. The Committee expects that the Chambers will undertake all efforts to exercise budgetary discipline and identify operational efficiencies in this regard.**

Defence support section

30. The supplementary information also indicates that a requirement of $3,263,000 for 2018–2019 would provide for the legal assistance teams for the two accused persons in case 002/02, one accused person in case 003, one accused person in case 004 and one accused person in case 004/02. For each accused, the legal assistance scheme provides a team of one international and one national co-lawyer, supported by legal consultants and a case manager. Upon enquiry, the Advisory Committee was provided with information on the standardized costs for defence counsels showing that in 2018 an amount of $460,317 would be allocated to cover the fees of the legal assistance for each of the two defendants in case 002/02, while an amount of $564,375 would provide for the legal assistance for each of the three defendants in cases 003, 004 and 004/02, respectively. **The Advisory Committee is of the view that the resources provided for the legal assistance of each of the defendants should be the same and should be adjusted to the level provided in case 002/02, which is an annual amount of $460,317 per defendant.**

Furniture and equipment

31. An amount of $253,800 is proposed under furniture and equipment in 2018. The supplementary information indicates that the requirement (totalling $401,200 for the biennium 2018–2019) would provide for software licences, replacement of computer equipment, backup solutions for Extraordinary Chambers data and upgrade of firewall software, videoconference equipment, and security and access control equipment. **The Advisory Committee notes that the requirement for furniture and equipment amounted to $210,400 in 2017. Considering that the staff complement of the Extraordinary Chambers would be reduced by 27 posts from 2017 to 2018, the Committee is of the view that the requirement for furniture and equipment in 2018 should be adjusted to the level of 2017.**

VI. Conclusions and recommendations

32. The Advisory Committee notes that, from 2005 to 2013, the Extraordinary Chambers were fully funded through voluntary contributions. As indicated in paragraph 6 above, in 2014 the General Assembly, in its resolution 68/247 B, authorized the Secretary-General, as an exceptional measure, to enter into commitments in an amount not to exceed $15.54 million to supplement the voluntary financial resources of the international component. Those funds were never drawn upon, however, given that voluntary funding eventually covered in full the obligations of the international component during 2014. For 2015 and 2016, the Assembly authorized commitments in an amount not to exceed $12.1 million for each of those two years. The Secretary-General indicates that the shortfalls for 2015 ($10,678,400) and 2016 ($10,407,700) were covered by the respective subventions. For 2017, the Assembly authorized commitments in an amount not to exceed $11 million while the shortfall is estimated at $13,074,300 (A/72/341, annex, tables A.1 and A.2).

33. **The Advisory Committee recalls that the General Assembly, in its resolution 57/228 B, decided that the expenses of the international component of the Extraordinary Chambers should be borne by voluntary contributions from the international community. Once again, the Advisory Committee notes the adverse funding situation of the Extraordinary Chambers, the persisting financial difficulties and the increasing reliance on the commitment authorized by the General Assembly. In this regard, the Committee recalls resolutions 69/274 A, 70/248 A and 71/272, by which the Assembly encouraged all Member States to provide voluntary support for both the international and national components of the Chambers and requested the Secretary-General to continue his intensive efforts to obtain additional voluntary contributions.**

34. **Furthermore, the Advisory Committee again notes that, after five consecutive requests since 2013 for subventions to support the international component of the Extraordinary Chambers, the practice is in fact no longer exceptional in nature. Nevertheless, the Committee considers that voluntary contributions should remain the major source of funding for the Extraordinary Chambers and that continued reliance on the subvention should be avoided.**

35. **The Committee therefore again reaffirms its view that a decision to appropriate an amount of the budget of the international component for 2018 would undermine the voluntary nature of the current funding arrangements and related fundraising efforts. Nonetheless, in view of the projected funding shortfall in the international component for 2018, the fluid nature of outstanding pledges and commitments and the need to ensure the continued operations of the Extraordinary Chambers, the Advisory Committee recommends that the General Assembly authorize the Secretary-General to enter into commitments in an amount not to exceed $8 million to supplement the voluntary financial resources of the international component for the period from 1 January to 31 December 2018 as a bridging financing mechanism, in lieu of an appropriation. The Committee also recommends that the Assembly request the Secretary-General to report on the use of the commitment authority to the Assembly during the main part of its seventy-third session.**

36. **The Advisory Committee continues to stress that its recommendations are made on the basis that:**

(a) **The Secretary-General engages in all efforts to increase the level of voluntary contributions (see para. 25 above);**

(b) **Should voluntary contributions be received in excess of the remaining requirements for the Extraordinary Chambers for 2018, any regular budget funds provided to the Chambers for this period would be refunded to the United Nations;**

(c) **Appropriate measures for achieving operational savings and efficiencies in the Extraordinary Chambers are in place (see paras. 26 to 29 above);**

(d) **The Chambers engage in all efforts to expeditiously complete the Court's mandate;**

(e) **Appropriate monitoring and reporting arrangements are in place to ensure an incremental release of funds to the Extraordinary Chambers, based on its monthly cash position;**

(f) **The Secretary-General continues his efforts to ensure that the terms of the Agreement between the Government of Cambodia and the United Nations are observed.**

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Proposed programme budget for the biennium 2018–2019

Proposal for the renovation of the North Building at the headquarters of the Economic Commission for Latin America and the Caribbean

Ninth report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 2018–2019

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the proposal for the renovation of the North Building at the headquarters of the Economic Commission for Latin America and the Caribbean (ECLAC), in Santiago (A/72/367). During its consideration of the report, the Committee met with representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses dated 26 October 2017.

2. The renovation of the North Building is one of the near-term major construction projects identified in the report of the Secretary-General on the strategic capital review.[1] Following the earthquake that occurred in Chile in 2010, ECLAC, in its seismic resistance assessment of the compound's buildings, concluded that the North Building, which was constructed as a temporary structure in 1989, was in need of mitigation measures (see A/72/367, paras. 1–6 and 22). In the present report, the Advisory Committee addresses the aforementioned assessment, the proposed mitigation strategies, cost implications and other related matters, including staffing, as put forth by the Secretary-General.

[1] The Advisory Committee has provided related observations and recommendations in its most recent reports on the strategic capital review (A/72/7/Add.9 and A/70/7/Add.43).

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II. Proposed strategies for the renovation of the North Building

Assessment

3. Details of the assessment of the existing conditions of the North Building are covered in paragraphs 7–17 and 22 of the report of the Secretary-General. The purpose of the assessment was to establish the condition of the building and its infrastructure components and to identify the works needed to upgrade the facilities in line with United Nations standards and industry codes. The assessment concluded that many of the main components of the North Building had little or no remaining useful life and required urgent attention. A number of concerns were highlighted, inter alia: (a) the heavyweight metal ceilings are not compliant with seismic codes; (b) the electrical wiring is outdated and unsafe; (c) energy consumption is high because of the poor building envelope and roof insulation and an underperforming heating, ventilating and air-conditioning (HVAC) system, which also results in unhealthy indoor air quality; and (d) the building does not comply with accessibility standards for persons with disabilities.

Proposed strategies

4. Paragraphs 18–50 of the report of the Secretary-General describe the following two proposed project strategies for the North Building:

(a) Strategy 1, the so-called programmed multiple intervention strategy, a three-phased approach consisting of multiple renovations and repairs ending in 2028, under which a major intervention would be postponed to that year. The long-term cumulative cost of ownership would amount to $32.0 million (inclusive of the cost of renting office space until 2038 following the end of the building's useful life in 2028); this amount includes total estimated construction costs of $16.254 million;

(b) Strategy 2, the so-called complete building renovation strategy, which is a one-time complete sustainable building renovation, from 2018 to 2020, resulting in a "net-zero" building classification. The long-term cumulative cost of ownership would amount to $18.185 million, which includes total estimated construction costs of $14.118 million (inclusive of escalation and contingency costs) and maintenance costs of $2.825 million until 2038, the anticipated end of the renovated building's useful life. Under strategy 2, two swing space options are proposed to accommodate 66 staff (of a total of 166, with 100 to be accommodated elsewhere in the compound) who cannot be housed in existing locations in the compound during construction, as follows:

(i) Option 1: staff would be accommodated in temporary prefabricated modules on the ECLAC compound. The estimated cost of setting up, maintaining and dismantling the modules would amount to $90,800 for 24 months;

(ii) Option 2: staff would be accommodated in nearby commercial office space at an estimated total cost of $349,060 ($184,060 in rental costs for a period of 24 months and a one-time cost of $165,000 to set up the office space).

5. The Secretary-General proposes the implementation of strategy 2, option 1, stating that a one-time whole-building renovation costing $18.185 million would be more cost-effective than, in comparison, the piecemeal approach under strategy 1, with a final estimated cost of $31.983 million. Also, with respect to the proposed swing space under strategy 2, option 1, the report points to several advantages for accommodating staff using on-site swing space, including: (a) a minimal security risk; (b) no dependence on external maintenance and support; (c) use of existing

facilities, including those pertaining to communications and Internet service; and (d) the application of lessons learned from the construction of a temporary office building on the ECLAC compound following the 2010 earthquake.

6. Upon enquiry, the Advisory Committee was informed that under strategy 2, the North Building would undergo a "gut renovation", with only the foundation and superstructure to remain and all other building system components, such as electrical, mechanical, plumbing and low-voltage systems, to be replaced. Upon enquiry, the Committee was furthermore informed that no other options had been included in the proposal and that, in particular, a hybrid approach had not been deemed possible, as strategy 2, the complete building renovation, would comprehensively resolve the building's deficiencies, while strategy 1, the programmed multiple intervention strategy, would address the same issues at a higher cost, and eventually result in a shorter useful life of the building. In addition, the approach under strategy 2 would transform the North Building, which was constructed as a temporary building, into a permanent structure.

Project timeline for strategy 2, option 1

7. The six phases of the project plan and related schedules pertaining to strategy 2, option 1, are described in paragraph 44 and table 3 of the report of the Secretary-General, and are summarized in table 1 below.

Table 1
Project schedule

Planned timeline	*Phase*	*Planned activity*
2017	Pre-planning	Costing, feasibility study, preliminary design and investigation activities; this phase has been initiated
2018	Planning	Recruitment of a project team and preparation of the scope of work and tender documents for the design phase
2019	Design	Completion of a structural design proposal and associated specialty contract specifications for the tender phase
2020	Tender	Preparation of bidding documents, technical specifications and design material
2021–2022	Construction	Relocation of staff to the temporary swing space, dismantling and demolition, construction, installation testing, commissioning and handover of the renovated facility
2023	Close-out	Relocation of staff to the new building and initiation of the defects and liability period

III. Project cost estimates and scope

8. In the report of the Secretary-General, the cost estimates for strategy 1 are set out in table 1, for strategy 2 in table 2 and for strategy 2, option 1, in annex II. Upon enquiry, the Advisory Committee was provided with breakdowns of the cost estimates to 2023 pertaining to strategy 2, option 1, amounting to $14.118 million for an on-site temporary building, and for strategy 2, option 2, amounting to $14.422 million for off-site office rental (see annex below).

Estimated renovation costs

9. The Advisory Committee recalls that, in the context of its previous report on the strategic capital review, it was informed that the estimated costs for the North Building would amount to $7.1 million, significantly lower than the present cost estimates (see A/70/7/Add.43, annex I). Upon enquiry, the Committee was informed that the previous estimate took into account mainly the cost of successive upgrading and repair projects required to bring the North Building up to minimum safety standards, but that it was subsequently found that the useful life of the building would not thereby be significantly extended. The Committee was furthermore informed that the estimated costs presented at that time pertained to trade costs and consultancy fees for engineering and for design for the needed work but did not include costs pertaining to pre-planning and planning or to costs in connection with project and risk management, escalation and contingencies, energy-producing technology or insulation features, such as the installation of fire-retardant material, smoke detectors and additional egress routes. **The Committee points out that the earlier cost estimates under the strategic capital review were based on upgrading and repairing the North Building, an approach similar to that proposed under strategy 1, whereby related costs were estimated at $16.254 million, or 128 per cent higher than the earlier estimate (see para. 4 above).**

10. The Advisory Committee notes furthermore that under the strategic capital review, maintenance costs were estimated at $3.83 million (preventive approach) or $6.27 million (reactive approach) (ibid., annex III). In comparison, maintenance costs are estimated at $2.712 million for strategy 1 for the period 2027–2038 (A/72/367, table 1) and at $2.825 million for strategy 2 for the period 2024–2038 (ibid., table 2). Upon enquiry, the Committee was informed that the initial cost estimate provided in the context of its report on the strategic capital review (see A/70/7/Add.43, annex I) was based on maintenance costs over a time period of 50 years, whereas the present cost estimate considered such costs over 14 years, as summarized in table 2 below.

Table 2
Comparison of maintenance costs for the North Building
(United States dollars)

	Under the strategic capital review			
	Preventive approach[a]	*Reactive approach*[b]	*Under strategy 1*[c]	*Under strategy 2*[d]
Maintenance costs over 50 years	3 830 180[e]	6 272 238[e]	9 685 700	10 089 300
Maintenance costs over 14 years	1 072 456	1 756 230	2 712 000[f]	2 825 000[g]
Estimated average annual cost	76 604	125 445	193 714	201 786

[a] Assumes that assets will reach and extend beyond their useful life. In order to extend the warrantied useful life, it is anticipated that regular scheduled maintenance will be performed on the basis of required warranty compliance and best practices and that major components of assets are replaced prior to the catastrophic failure of the asset. The cost analysis assumes that the useful life of assets will be extended by 50 per cent.

[b] Assumes that all assets will be replaced at the end of their useful working life even if they are still in service and that regular maintenance will be performed on the basis of required warranty compliance and best practices.

[c] Programmed multiple intervention strategy.

[d] Complete building renovation strategy.

[e] See A/70/7/Add.43, annex III.

[f] See A/72/367, table 1.

[g] See A/72/367, table 2.

11. As indicated in table 2, a breakdown of the estimated maintenance costs for the preventive and reactive approaches over 14 years instead of 50 years would amount to $1.072 million and $1.756 million, respectively. In comparison, maintenance costs under the newly proposed strategy 1 would amount to $2.712 million and under strategy 2 would amount to $2.825 million for the same time period. The Committee notes that the proposed maintenance costs over 14 years under strategy 2, the approach recommended by the Secretary-General, would be only 4 per cent higher than those under strategy 1, but 163 per cent higher than the preventive approach and 60 per cent higher than the reactive approach.

12. Upon enquiry, the Advisory Committee was informed that a 50-year period had been calculated in connection with the strategic capital review, as there was a need to establish a consistent baseline across all global buildings in order to compare the methodologies with respect to the estimates under the strategic capital review. The Committee was further informed that the maintenance costs with respect to strategy 2 corresponded to projected regular building maintenance costs after the complete renovation and upgrading of the building to a net-zero sustainable energy building.

13. **The Advisory Committee notes the inconsistent approach and changing baselines, from 50 years to 14 years, for the calculation of maintenance costs. The Committee observes that, despite assurances of reduced long-term cost savings as a result of the construction of a sustainable net-zero building under strategy 2, estimated maintenance costs appear significantly higher than under the two "repair-only" approaches reflected under the strategic capital review (see A/70/7/Add.43, annex III). In the opinion of the Committee, no basis exists for reconciling or comparing the earlier cost estimates under the strategic capital review with the present estimates under strategies 1 and 2. The Committee requests the Secretary-General to provide to the General Assembly, at the time of its consideration of the present report, further clarification on the methodologies used, including a breakdown of the maintenance costs for the net-zero building under the complete building renovation strategy. In this connection, the Committee reiterates that the level of resources required for future capital investment and/or progressive maintenance requirements for the Organization's capital assets should be based on the application of a reliable, consistent and realistic valuation methodology, along with details concerning the applicability of comparable industry standards to all premises owned and/or operated by the United Nations (see A/70/7/Add.43, para. 30).**

Escalation and contingency estimates

14. As indicated in the report of the Secretary-General, escalation and contingency costs would account for about 21 per cent, or approximately $3.3 million, of the overall project cost, and have been estimated with a 5 per cent compounded rate for escalation and 10 per cent for the contingency provision. Upon enquiry, the Advisory Committee was informed that the escalation rate had been calculated using the average of two published rates, 6.2 per cent, which is the average construction cost escalation rate between May 2007 and May 2017, and 3.67 per cent, which is the average annual inflation rate between January 2007 and January 2017.[2] As indicated in the annex to the present report, which was provided to the Committee upon enquiry, escalation costs would amount to $2.190 million and contingency costs to $1.124 million under both options under strategy 2 for the time period from 2018 to 2023. **The Committee points out that, while a 5 per cent**

[2] The Advisory Committee was informed that those rates have been published by the Chilean Construction Chamber and by the Chilean Central Bank, respectively.

compounded escalation rate is estimated by the Secretary-General, the true average between the aforementioned published rates is somewhat lower, 4.935 per cent. The Committee trusts that this discrepancy will be taken into account in the context of the refinement of the cost estimates in the next progress report.

15. The Advisory Committee was furthermore informed that, on the basis of the size and complexity of the project, a 10 per cent contingency calculation had been used, as it was considered premature to apply a truly risk-based approach to establishing a recommended contingency level at this stage in the planning and design process. The Committee was also informed that a risk-based contingency level would be established once the project was under way, with regular fluctuations in the recommended level to be reported in the annual progress reports.

16. The Secretary-General notes that an independent risk-management framework would be included early in the project development process, which would include the development and use of a risk register and a risk-based approach to the establishment and management of the contingency provision. In this connection, an independent risk-management firm, reporting to the Office of Central Support Services at United Nations Headquarters, would provide an independent assessment of the course of the various project actions and assist in identifying and mitigating any risks (A/72/367, paras. 63–65).

17. **The Advisory Committee trusts that a refined and more accurate estimation of the project contingency level for each phase of the project will be established in the context of the independent risk-management framework once the design phase is completed in 2019 and a clearer picture of actual risks emerges. The Committee trusts that a status update thereon will be provided in future progress reports on the project.** The Committee provides further comments on the subject of contingency in its report on the strategic capital review (A/72/7/Add.9).

Seismic resilience and North Building repair works

18. The Secretary-General describes a number of safety concerns with respect to the North Building, including with respect to seismic code compliance, fire protection and egress (A/72/367, paras. 4–9 and 24). Upon enquiry, the Advisory Committee was informed that, following the 2010 earthquake, three phases of seismic improvements, repairs and maintenance, at a cost of approximately $7.8 million, were performed on all ECLAC buildings, with the exception of the North Building. Those works addressed issues pertaining to the immediate safety of staff, visitors and contractors; business continuity, including the use of office space in undamaged buildings and the construction of a temporary office facility (see also paras. 4–6 above); and, in the final phase, the undertaking of major structural repairs to the main building, as well as the construction of new cafeteria premises. Upon enquiry, the Committee was informed that no structural improvements had been undertaken in the North Building. The recent upgrades, costing $770,158, pertained to such improvements as a new fire-suppression system and remedial work, such as the limited replacement of partitions, lighting and ceilings in the oldest sector of the building, and were not aimed at extending the building's useful life. Upon enquiry, the Committee was provided with a breakdown of the recent work done on the building (see table 3).

Table 3
Breakdown of recent North Building repair works
(United States dollars)

	Appropriation					
	2008-2009	*2010-2011*	*2012-2013*	*2014-2015*	*2016-2017*	*Total, 2008-2017*
Interior finishes	–	12 424	135 000	–	–	147 424
Floor finishes	–	–	135 000	–	–	135 000
Ceiling finishes	–	12 424	–	–	–	12 424
HVAC	–	–	–	146 851	–	146 851
Cooling systems	–	–	–	146 851	–	146 851
Electrical work	295 386	78 807	101 651	–	–	475 883
Service and distribution	–	2 478	27 958	–	–	30 436
Communications and security systems	295 386	76 329	73 723	–	–	445 447
Total	**295 386**	**91 231**	**236 651**	**146 851**	–	**770 158**

19. The Advisory Committee enquired as to the cost of replacing the ceiling in the North Building and was informed that eight months would be required, at an estimated cost of $928,747. That amount would include the accommodation of 53 staff in temporary modules, the demolition of the ceiling system, the replacement of existing wiring, the installation of the fire-suppressant system and a new lighting system, ceiling structure and tiles and the reinstallation of the public address system. Upon enquiry, the Committee was provided with a breakdown of the related costs (see table 4) below.

Table 4
Cost of North Building ceiling replacement and associated works
(United States dollars)

Electrical work (including replacement of wiring and lighting system)	333 350
Fire-suppressant system, security and safety systems (cameras/public address system) and roof insulation	185 500
Swing space (Printing Building: ongoing upgrading project)	258 255
Ceiling (demolition and installation)	151 642
Total	**928 747**

20. The Advisory Committee was further informed, upon enquiry, that the replacement of the ceiling would bring the North Building up to the current seismic codes. However, the building would still be a class C building and not in compliance with local fire codes, as the structure is not fireproof and emergency egresses and routes, as well as distances to exit doors and the widths of the corridors, are not code compliant.

21. With respect to the three-level underground vehicle garage, built under the North Building in 2004, the Advisory Committee was informed, upon enquiry, that this project had been designed and built in accordance with relevant codes pertaining to metal structures, reinforced concrete elements and the seismic codes of the host country, and had also been appropriately fireproofed. The Committee was

furthermore informed that the underground vehicle garage had not been included in the present renovation proposal.

Useful life of the North Building

22. Upon enquiry, the Advisory Committee was informed that the International Public Sector Accounting Standards defined the useful life of a building as follows: a class A building has a useful life of 50 years, a class B building 40 years and a class C building 25 years. The Committee was further informed that a renovation under strategy 2, the complete building renovation strategy, would result in optimal operating conditions of the North Building for 40 to 50 years, meaning that the building would be in the class A or B category, with the final classification to be determined upon the finalization of the design phase. The use of quality materials and passive, fire-rated insulation in the building envelope and interior retrofitting, as well as a functional design for a healthy and safe working environment, would make this building a permanent structure with a fully extended useful lifespan. **The Committee trusts that work during the three early phases, namely, the pre-planning, planning and design phases, will result in a structural design proposal for a class A North Building and ensure compliance with all relevant regulations, including provisions for persons with disabilities concerning accessibility and technology.**

Swing space

23. On-site swing space is proposed under strategy 2, option 1, and off-site swing space under strategy 2, option 2. Upon enquiry, the Advisory Committee was informed that ECLAC was in the process of conducting a space utilization analysis. Also, the tender process for the remodelling of the Printing Building, which is adjacent to the North Building and would be used as one of the three on-site swing spaces for 100 staff, has been finalized. As also noted in paragraph 4 (b) above, under option 1, the remaining 66 staff would be accommodated in an on-site temporary building to be constructed and dismantled at a cost of $90,800.

24. The Secretary-General indicates that a host country agreement was signed in February 1948, providing for privileges and immunities, including exemptions for local taxes and import duties, for entitled staff and for official purposes, including construction materials, equipment and infrastructure materials, and that those benefits would be extended to any construction project. Also, the land for the construction and expansion of the ECLAC compound was donated by the Government of Chile in 1960 and 1997, respectively. **The Advisory Committee expresses its gratitude to the host country for its continued support of ECLAC in all respects. The Committee trusts that the Secretary-General will take steps towards engaging with the host country, as has been the practice with respect to other United Nations construction projects, and seek assistance and support for the project, with respect to the possible provision of swing space and/or other related support, as appropriate, in connection with the renovation of the North Building (see also A/70/7/Add.43, para. 11).**

Flexible workplace strategies

25. The report of the Secretary-General indicates that the project management team (see also para. 30 (c) below) would, inter alia, include architectural and interior consultancy services for office space design and space planning related to the implementation of flexible workplace strategies (A/72/367, para. 62). In this connection, the Advisory Committee recalls the Secretary-General's intention to incorporate flexible workplace strategies at ECLAC (A/70/697, para. 68). Upon enquiry, the Committee was informed that, in line with the implementation of

flexible workplace strategies, the above-noted space utilization analysis focuses on a needs-based approach tailored to differentiated types of work. The Committee was informed, upon enquiry, that a further increase in space efficiency was expected with the implementation of flexible workplace strategies, such as those in place in New York and Geneva, where the target desk-to-staff ratio is 1:1.25, a 25 per cent improvement in space utilization.

26. **The Advisory Committee expects that information on established targets and efficiencies to be expected from the implementation of flexible workplace strategies, including in the context of the renovation of the North Building, will be included in the next progress report. Furthermore, the Committee considers that the Secretary-General should provide a clear timeline for the implementation of flexible workplace strategies at ECLAC. In addition, the Committee expects that flexible workplace strategies will be an integral part of the pre-planning, planning and design phases, and therefore factored into the structural design proposal and specialty contract specifications during the tender phase in 2020 (see also A/72/7/Add.6, paras. 8 and 9, and table 1 above).**

27. On a related matter, the Secretary-General notes in paragraph 20 of his report that efficiency in office space utilization could potentially lead to an increase in the Commission's rentable area, resulting in additional rental income. Upon enquiry, the Advisory Committee was informed that ECLAC anticipates that agencies, funds and programmes will be interested in having their staff working on ECLAC premises and that the office of UN-Habitat in Rio de Janeiro, Brazil, was currently exploring that alternative. The Committee was further informed that 2 ECLAC workstations (desks and computers) had been rented to the secretariat of the United Nations Convention to Combat Desertification for use by two of its staff members; it is anticipated that at least 10 new workstations would be available for rental following the renovation of the North Building.

Energy efficiency

28. The Secretary-General indicates that under strategy 1, the multiple intervention strategy, energy needs for the North Building would amount to $1,584,000 until the end of the building's useful life in 2038. Under strategy 2, the complete building renovation, the North Building would become a sustainable building targeting a net-zero classification, whereby the total amount of energy used by the building on an annual basis would be equal to or less than the amount of renewable energy created on the site. Under strategy 2, energy costs in the amount of $30,000 would be incurred from 2018 to 2020, with no such costs to be incurred until the end of the building's useful life in 2038 (A/72/367, paras. 27 and tables 1 and 2). Upon enquiry, the Advisory Committee was informed that energy would be produced for the North Building only, not for the overall compound; however, any excess energy could be returned to the local grid at no cost and be discounted from the energy bill. Also, only the North Building would be able to produce and share excess energy, provided that photovoltaic plants, at an estimated cost of $800,000, were installed on the roofs of the other ECLAC buildings.

29. **The Advisory Committee recommends the implementation of strategy 2, option 1, namely, the complete building renovation strategy, which is the preferred strategy of the Secretary-General. However, the Committee is of the opinion that there is a need to further refine the costs of the project, in particular the project contingency level and related cost escalation, which will be established only in the context of the independent risk-management framework.**

V. Project management and related resource requirements

30. Details with respect to project governance and the project team structure are described the report of the Secretary-General (A/72/367, paras. 51–65 and annex I), and are summarized below:

(a) The project owner would be the Executive Secretary of ECLAC, with the Director of the Division of Administration designated as Project Executive;

(b) A stakeholders committee, led by the Executive Secretary, would provide advice and guidance on operational aspects but not be able to make changes affecting the project scope, schedule or cost;

(c) The project team would comprise: one Project Manager (National Officer); one Architect (Local level) for the initial part of the project when design and major structural works would take place; and one Administrative Assistant (Local level) for the duration of the project. The Secretary-General proposes the establishment of those three positions under section 21, Economic and social development in Latin America and the Caribbean, for the biennium 2018–2019;

(d) Consultancy services for architectural, engineering and construction management would be required for the production of the detailed design and technical documentation, including with respect to flexible workplace strategies, for tender and oversight of the construction works;

(e) An independent risk-management firm would report directly to the Office of Central Support Services at Headquarters and provide an independent assessment of the course of the various project actions, provide expertise to the project and assist in identifying and mitigating any risks that may affect the successful delivery of the project. Overall project oversight would be under the purview of the Office of Central Support Services, which would provide ECLAC with technical guidance and advice on the project, ensuring that the project complies with overall organizational objectives and sharing lessons learned from other capital projects and, in general, taking on a leading role with respect to independent risk-management services (ibid., paras. 56–59).

31. **The Advisory Committee stresses the continued importance of close coordination between ECLAC and the Secretariat in New York, in particular the Office of Central Support Services, to ensure proper oversight and governance of the project. The Committee stresses furthermore the importance of making effective use of lessons learned from other capital projects, including the seismic mitigation project of the Economic and Social Commission for Asia and the Pacific in Bangkok and the Africa Hall renovation at the Economic Commission for Africa in Addis Ababa, including, for example with respect to the use of locally sourced and manufactured materials. In addition, the Committee stresses that there is a need to adhere to project timelines and cost estimates. The Committee intends to follow up on those matters in the context of future progress reports.**

32. The Secretary-General proposes the establishment of a multi-year construction-in-progress account (ibid., para. 70 (d)). Upon enquiry, the Advisory Committee was informed that this type of account recorded the expenditures of major construction projects approved by the General Assembly as part of the programme budget, with funding not to expire at the end of a biennium. At the completion of the project, expenditures are to be reported, with unused amounts reported and returned to Member States. Multi-year construction-in-progress accounts are also used in connection with projects in Geneva, Bangkok and Addis Ababa. **The Committee considers that, at this early stage of the project and in**

view of the uncertainties with respect to contingencies and cost escalation, there is no need for the establishment of a multi-year construction-in-progress account at this time. The Committee recommends that the Secretary-General include a proposal in this respect in his next progress report, if appropriate.

VI. Conclusion

33. The recommendations of the Secretary-General on proposed actions to be taken by the General Assembly are set out in paragraph 70 of his report. **Subject to its recommendations and observations above, the Advisory Committee recommends that the General Assembly:**

(a) **Approve the proposed scope of the project and take note of the proposed maximum estimated cost of the project in the amount of $14.118 million for the implementation of strategy 2, option 1, of the project, and request the Secretary-General to refine the estimated cost of the project, to be presented in the next progress report;**

(b) **Approve the establishment of three positions (1 National Officer and 2 Local level staff), effective 1 January 2018, related to the dedicated project management team and project support staff, under section 21, Economic and social development in Latin America and the Caribbean, of the proposed programme budget for the biennium 2018–2019;**

(c) **Appropriate an amount of $192,000 for the project in 2018, comprising $112,000 under section 21, Economic and social development in Latin America and the Caribbean, and $80,000 under section 33, Construction, alteration, improvement and major maintenance, of the proposed programme budget for the biennium 2018–2019, which would represent a charge against the contingency fund;**

(d) **Defer consideration of the proposal to establish a multi-year construction-in-progress account until the Secretary-General presents a refined proposal in his next progress report.**

Annex

Cost estimates for strategy 2

Option 1: on-site temporary building

(Millions of United States dollars)

	2018	*2019*	*2020*	*2021*	*2022*	*2023*	*Total*
Trade costs							
Construction	–	–	–	4.266	4.266	–	8.532
Swing space	–	–	–	0.045	0.045	–	0.091
Subtrade costs							
Consultancy	–	0.250	0.050	0.100	0.100	0.050	0.550
Escalation	–	0.026	0.008	0.938	1.202	0.017	2.190
Project management	0.112	0.225	0.290	0.290	0.290	0.225	1.431
Risk management	0.080	0.030	0.030	0.030	0.030	–	0.200
Subtotal	**0.192**	**0.530**	**0.378**	**5.669**	**5.933**	**0.292**	**12.994**
Contingencies	–	0.027	0.006	0.529	0.555	0.007	1.124
Total	**0.192**	**0.558**	**0.383**	**6.198**	**6.488**	**0.298**	**14.118**

Option 2: off-site office rental

(Millions of United States dollars)

	2018	*2019*	*2020*	*2021*	*2022*	*2023*	*Total*
Trade costs							
Construction	–	–	–	4.266	4.266	–	8.532
Swing space	–	0.211	0.092	0.092	–	–	0.395
Subtrade costs							
Consultancy	–	0.250	0.050	0.100	0.100	0.050	0.550
Escalation	–	0.026	0.008	0.938	1.202	0.017	2.190
Project management	0.112	0.225	0.290	0.290	0.290	0.225	1.431
Risk management	0.080	0.030	0.030	0.030	0.030	–	0.200
Subtotal	**0.192**	**0.741**	**0.470**	**5.715**	**5.888**	**0.292**	**13.298**
Contingencies	–	0.027	0.006	0.529	0.555	0.007	1.124
Total	**0.192**	**0.768**	**0.476**	**6.244**	**6.443**	**0.299**	**14.422**

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Strategic capital review

Tenth report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 2018–2019

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the strategic capital review (A/72/393). During its consideration of the report, the Committee met with representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses dated 13 October 2017.

2. The report of the Secretary-General is submitted pursuant to section VI of General Assembly resolution 70/248 B, in which the Assembly endorsed the conclusions and recommendations contained in the report of the Advisory Committee of 17 March 2016 (A/70/7/Add.43) requesting that the Secretary-General continue to provide information on the prioritization of projects proposed under the strategic capital review and on the potential costs and benefits of a preventive maintenance programme, and that criteria be established to determine whether construction projects should be submitted under section 33 of the programme budget or as stand-alone proposals (A/72/393, para. 1).

II. Cost-benefit analysis of the proposed capital maintenance approach

3. The report sets out the following four options for capital maintenance, which were evaluated during the reporting period: (a) run-to-failure; (b) replacement at end of useful life (planned maintenance); (c) incremental recapitalization to extend useful life (predictive or condition-based maintenance); and (d) business-focused maintenance (a combination of the second and third options). The term "run-to-failure" has been refined to mean the practice of not recapitalizing an asset at all until it fails, while the term "replacement at end of useful life" describes the de facto practice of the Organization to date (A/72/393, paras. 10 and 11).

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4. The run-to-failure approach assumes that assets will fail at 50 per cent of their useful life if not maintained at all. The report states that the potential benefit of that approach is that no maintenance costs accrue, while the potential drawbacks include replacement costs when building assets fail and need to be fixed, incurring significant potential capital costs and involving other risks. These include the failure of the system associated with the asset, downtime due to delays and the potential need to relocate staff to a temporary facility (A/72/393, paras. 14–16).

5. Under the "replacement at end of useful life" approach, it was assumed that all assets would be replaced at the end of their useful life even if they were still in service, and that regularly scheduled operational maintenance would be performed to ensure warranty compliance and the observance of best practices. The report indicates that the potential benefits of the approach include less risk that assets will fail within their anticipated useful life and more predictable major capital investment and maintenance costs. The potential drawbacks of the approach are that major capital investment is required at the end of an asset's useful life and that operational costs may increase (A/72/393, paras. 17–19).

6. The report states that under the "incremental recapitalization to extend useful life" approach, it was assumed that the life of an asset can be extended beyond its warranted useful life by regularly performing scheduled maintenance and refurbishing major components of the asset at a reasonably early stage in its expected useful life. It was also assumed that the approach would extend the useful life of building assets by 50 per cent. The potential benefits of the approach are deferred capital investment in the replacement of assets beyond their warranty period and a reduced life-cycle cost. The potential drawbacks are reliance on established maintenance programmes and the need for capital investment in the replacement of the major components of assets to extend their useful lives (A/72/393, paras. 20–22).

7. The "business-focused maintenance" approach is a combination of the "replacement at end of useful life" and "incremental recapitalization to extend useful life" approaches, with an additional focus on monitoring and controlling mechanical assets, staff retraining and the establishment of a closely managed and monitored maintenance plan. The potential benefits include constant monitoring, which prevents catastrophic failure of assets, and better asset control, which means lower costs over the life of the asset. The potential drawback is the high initial capital cost for equipment and staff training (A/72/393, paras. 23–25).

8. The report states that the analysis examined 10 components of each building asset, namely: (a) foundations, (b) superstructure, (c) exterior closures, (d) roofing, (e) interior, (f) conveying systems, (g) plumbing, (h) heating, ventilation and air conditioning, (i) fire protection, and (j) electrical systems, in line with United Nations International Public Sector Accounting Standards (IPSAS). According to the analysis, the incremental recapitalization option is the most cost-effective and otherwise beneficial option, with the Organization spending between 34 and 54 per cent less over the 50-year useful life of a building, as compared to the current "replacement at end of useful life" approach, although it stated that an exact projection of spending under this approach would be difficult to estimate (A/72/393, paras. 27–30, and table 1). **The Advisory Committee considers that certification of the potential benefits, including the expected savings of 34 and 54 per cent over the 50-year useful life of a building, should be undertaken and validated by an independent third party, such as the Board of Auditors or the Office of Internal Oversight Services.**

9. The report of the Secretary-General also sets out the non-quantifiable benefits, including the manner in which United Nations buildings function and are used as an

outward reflection of the broader objectives of the Organization, for example serving as best practice examples of sustainable and green design and of accessibility for persons with disabilities, as well as a safe and healthy work environment for all delegates, staff and visitors. Based on the quantitative analysis and the study of the non-quantifiable benefits, the Secretary-General proposes that the Organization adopt an incremental recapitalization approach to capital spending. He intends to submit a report on strengthening capital maintenance at the first resumed part of the seventy-second session of the General Assembly (A/72/393, paras. 32, 33 and 36).

10. **The Advisory Committee recalls that it has previously expressed the view that more details should be provided on the potential costs and benefits of a preventive maintenance programme, as well as on future budgeting, so that Member States will have a better understanding of the financial implications of the approach (see A/69/811, paras. 28 and 39; and A/70/7/Add.43, paras. 24, 26 and 29). The Committee is of the view that the report of the Secretary-General does not provide an adequate explanation of the methodology and assumptions used to justify the proposed approach. The Committee also notes that an exact projection of the requirements under the incremental recapitalization approach would be difficult to estimate. The Committee reiterates that the Secretary-General should conduct a thorough cost-benefit analysis of a preventive maintenance (incremental recapitalization) approach, and should provide clear information on the financial implications of such an approach. The Committee is therefore of the view that consideration of the Secretary-General's proposal to adopt an incremental recapitalization approach would be premature at this stage.**

III. Real estate planning and management

11. The report states that the Secretariat has established the criteria for determining the classification of projects into one of three categories: (a) large-scale; (b) large and complex; and (c) largest and most complex. The strategic heritage plan of the United Nations Office at Geneva is categorized as the largest and most complex project, while the renovation of Africa Hall at the Economic Commission for Africa in Addis Ababa (ECA) and the seismic retrofit and life-cycle renovation of the secretariat building at the Economic and Social Commission for Asia and the Pacific in Bangkok (ESCAP) are considered large and complex projects. If approved by the General Assembly, the proposed replacement of office blocks A to J at the United Nations Office at Nairobi would be considered a large and complex project, while the proposed renovation of the North Building at the Economic Commission for Latin America and the Caribbean (ECLAC) would be considered a large-scale project (A/72/393, paras. 39 and 41).

12. With respect to risk management, the report indicates that the Office of Central Support Services will establish a controlled risk-management framework, and develop and implement a risk-management strategy that includes mechanisms and procedures for determining and managing risk-contingency funding and accessing the risk-contingency budget. The Office will also make recommendations to the project owner for determining, establishing and managing the risk-contingency budget, based on the likelihood that risk will occur, possible impact costs and calculation of the costs for management responses. The report states that the total sum of all the individual management response costs weighted by the likelihood that risk will occur will result in the total monetary value needed for risk response actions (A/72/393, paras. 43, 46–50). **The Advisory Committee reiterates that the contingency estimates should be presented separately from the base**

project cost, and that the estimation of project contingencies should be based on the identification of risks associated with the different phases of the project, with contingency estimates for each phase of project implementation clearly indicated (see A/72/7/Add.6, paras. 22 and 23).

13. Under project governance, the report indicates that the Office of Central Support Services is in the final stages of recruiting a Project Coordinator (P-4), based at Headquarters in New York, who would be responsible for contract management and coordination between the specialist risk-management firm and the local project teams at ECA and ESCAP and other key stakeholders. The Office is also in the process of hiring a specialist risk-management firm to perform independent risk-management services using the Monte Carlo risk-modelling simulation (A/72/393, paras. 52 and 53). The Committee was informed upon enquiry that the Monte Carlo risk-modelling simulation is a statistical analysis method used to provide a better understanding of the impact of risks in a project through the use of a range of minimum to maximum values with regard to time frames and cost estimates for stages and components and a computer-based simulation that runs multiple random project scenarios.

IV. Updated capital maintenance programme

14. Figure II of the report provides an updated list of ongoing approved, proposed and projected near-term capital projects. The report indicates that the priority of the projects included in the previous report of the Secretary-General (A/70/697) remains largely unchanged, although several projects that were initially planned to commence in the biennium 2018–2019 have been deferred to start no sooner than the biennium 2020–2021, owing to resource constraints or the fact that feasibility studies conducted in the biennium 2016–2017 yielded inconclusive results to the extent that projects could not begin as originally envisaged (A/72/393, para. 56). **In respect of the capital maintenance programme, the Advisory Committee is of the view that, as part of a comprehensive cost-benefit analysis of capital maintenance options, the Secretary-General should include an analysis of the Organization's current and future capital assets needs and requirements, as well as an analysis, by duty station, of rental requirements where the Organization is the owner as compared to the tenant of leased buildings.**

15. The report also provides a summary of the requirements relating to the approved and proposed capital projects, including the strategic heritage plan of the United Nations Office at Geneva, the seismic mitigation retrofit and life-cycle replacement project at ESCAP, the Africa Hall project at ECA, the proposed replacement of office blocks A to J at the United Nations Office at Nairobi, the proposed North Building refurbishment at ECLAC and the ongoing construction, alteration, improvement and major maintenance projects under section 33 of the programme budget (A/72/393, paras. 58–74). The Advisory Committee will make its recommendations and observations with respect to each project in its related reports.

16. In respect of the proposed refurbishment of the North Building at ECLAC, the Secretary-General proposes to execute a complete building refurbishment, retaining the main structure, fireproofing the building and replacing the roof, facade and interior finishes. The report states that this would entail the renovation of the North Building, utilizing an on-site swing space, at a total estimated cost of $14.12 million (A/72/393, paras. 70–72). The Advisory Committee recalls that in the previous report on strategic capital review, the Secretary-General projected an amount of $7.1 million in respect of the North Building refurbishment project at ECLAC (A/70/697, table 3). **In view of this variance in projected and proposed**

requirements, the Committee emphasizes that, in order for the report on the strategic capital review to be a useful planning tool, it must contain accurate and precise information on project requirements. The Committee makes more detailed recommendations and observations on this project in its report on the renovation of the North Building (A/72/7/Add.8).

V. Other considerations

Accessibility for persons with disabilities

17. In line with General Assembly resolutions 70/170 and 68/247 B on accessibility, the report states that a working group of the Interdepartmental Task Force on Accessibility launched a survey at Headquarters in June 2017, soliciting feedback from Member State representatives, staff, civil society and the public regarding the performance of the facilities relating to accessibility. It is indicated that once feedback is received, the Secretariat will determine the course of action to take to address the requirements, including whether requirements can be met through reasonable accommodation, capital investment or other services, and whether they can be met within existing resources or would require additional resources. The report further states that the practice of soliciting user feedback is also being employed by the United Nations Office at Geneva as part of the strategic heritage plan, by ECA as part of the Africa Hall project and by ESCAP as part of the seismic mitigation project (A/72/393, paras. 75–79). **The Advisory Committee recalls that the General Assembly, in its resolution 69/274 A, stressed the importance of eliminating physical, communication and technical barriers for persons with disabilities.**

Flexible workplace strategies

18. Figures II and III of the report set out the projected annual expenditures for flexible workplaces. The report indicates that the Secretariat has ensured that proposals for construction projects incorporate clear baseline data and flexible workplace elements, wherever possible, from the outset. In addition, it is indicated that in early 2017, the Office of Central Support Services developed a standardized methodology for conducting space utilization studies at all duty stations, including set parameters for the type and number of spaces to be surveyed, the duration and frequency of the data acquisition period, a standard report format and a sample data analysis presentation (A/72/393, paras. 83–87). **The Advisory Committee trusts that the Office of Central Support Services will ensure that flexible workplace strategies are incorporated into the implementation plans of construction projects in a timely manner.** The Committee's recommendations and observations on the Secretary-General's progress report on the implementation of flexible workplace strategies in New York will be presented in its related report.

Sustainability

19. The report states that the capital projects include sustainability initiatives to increase efficiency, reduce energy consumption and greenhouse gas emissions, increase water efficiency, improve indoor air quality and expedite the removal of hazardous materials. The report further states that the offices undertaking capital projects have ensured that baseline data are collected prior to the implementation of the projects so that energy and other environmental benefits may be measured accurately following their implementation (A/72/393, paras. 90–92). **The Advisory**

Committee trusts that baseline data and expected energy efficiencies will be factored into the cost-benefit analysis of capital maintenance options.

Impact of the global service delivery model and other business transformation initiatives

20. The Secretary-General indicates that the impact of the global service delivery model is not presently known, and that Umoja has no known impact that would change the project proposals contained in his present report. The Secretary-General nonetheless considers that it is prudent practice for the management and stewardship of the real estate assets of the Organization to proactively pursue a capital maintenance programme for these assets (A/72/393, paras. 94 and 95). Upon enquiry, the Advisory Committee was informed that staffing levels at duty stations may change depending on decisions that the General Assembly may make with respect to the Secretary-General's reform initiatives and the global service delivery model. **The Committee considers that the impact of initiatives such as the global service delivery model and Umoja should be assessed prior to consideration of the proposed capital maintenance programme.**

Alternative financing options

21. The report states that the Secretary-General has been soliciting voluntary contributions from Member States, both in cash and in kind, in the context of the strategic heritage plan and the construction projects at ECA and ESCAP (A/72/393, para. 97). Wherever relevant and possible, the Secretary-General will also propose the use of income received from tenants, as well as income from the valorization of United Nations-owned real estate assets and energy-related subsidies. **The Advisory Committee is of the view that detailed information on proposed sources of income should be included in the proposed capital maintenance programme (see also para. 14 above).**

VI. Conclusion

22. The report recommends that the General Assembly take note of the report of the Secretary-General and that the Secretary-General be requested to submit an updated report on the long-term capital maintenance programme (2020–2039) at the main part of the seventy-fourth session (A/72/393, para. 98). **Taking into account its recommendations and observations above, the Advisory Committee recommends that the Assembly request the Secretary-General to undertake a comprehensive and detailed cost-benefit analysis of a preventive maintenance (incremental recapitalization) approach and to provide clear projections of the financial implications of such an approach. The Committee expects that the analysis will address the concerns raised by the Committee in the paragraphs above. Furthermore, the Committee is of the view that any future reports on capital maintenance should be based on the results of the comprehensive analysis.**